

Message Text

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ACTION IO-14

INFO OCT-01 EUR-12 NEA-10 ISO-00 HA-05 CIAE-00 DODE-00
PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01
SP-02 SS-15 ICA-11 TRSE-00 OMB-01 SAA-01 SES-02
AID-05 EB-08 /112 W
-----083054 230951Z /11

P 230850Z AUG 78
FM AMEMBASSY AMMAN
TO SECSTATE WASHDC PRIORITY 7393
INFO AMEMBASSY BEIRUT

AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
USMISSION GENEVA
AMCONSUL JERUSALEM
AMEMBASSY TEL AVIV
AMEMBASSY VIENNA
AMEMBASSY LONDON
USMISSION USUN NEW YORK

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VIENNA FOR USREP/UNIDO
TAGS: UNRWA, XO, JO
SUBJECT: UNRWA ADVISORY COMMISSION MEETING AUGUST 29

REF: AMMAN 6703

BEGIN SUMMARY: EMBASSY HAS RECEIVED TWO DOCUMENTS FROM
UNRWA COMMISSIONER GENERAL. ONE, FOR INFORMATION, DIS-
CUSSES POSSIBLE IMPLICATIONS OF ARABS' CALL FOR PUTTING
UNRWA ENTIRELY INTO UN BUDGET. OTHER IS FY 79 INCOME AND
EXPENDITURE STATEMENT. FORMER INDICATES IN LOW KEY POSSI-
BLE SERIOUS PROBLEMS FOR UNRWA IF UNGA WERE TO APPROVE
UNRWA BEING INCORPORATED IN UN SYSTEM. LATTER FORESEES
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\$28 MILLION DEFICIT AND OUTLINES FURTHER CUTS IN FLOUR
RATION TO HELP MEET DEFICIT UNLESS ADDITIONAL FUNDS ARE
FORTHCOMING. EMBASSY WILL NEED GUIDANCE ON HOW TO HANDLE
BOTH ISSUES AT UNRWA ADVISORY COMMISSION MEETING. END
SUMMARY.

1. EMBASSY AUG. 21 RECEIVED TWO DOCUMENTS FROM OFFICE OF

UNRWA COMMISSIONER GENERAL. ONE, MARKED "FOR INFORMATION OF ADVISORY COMMISSION" CITES JORDANIAN PRESS REPORTS THAT JULY CONFERENCE OF GOVERNMENTS HOSTING PALESTINIANS HAD APPROVED RECOMMENDATION THAT ARAB REPS AT UN SHOULD REQUEST: (A) INCORPORATION OF UNRWA'S BUDGET INTO REGULAR UN BUDGET, AND (B) CONVERT ALL UNRWA EMPLOYEES INTO UN INTERNATIONAL STAFF. SECOND DOCUMENT, "FOR DISCUSSION AT ADVISORY COMMISSION MEETING" IS TENTATIVE FY 1979 INCOME PROJECTION AND IMPLICATIONS FOR SERVICES TO REFUGEES.

2. IN FIRST DOCUMENT COMMISSIONER GENERAL (CG) NOTES THAT LAST YEAR ON QUESTION OF INCORPORATING STAFF COSTS INTO REGULAR UN BUDGET HE HAD COMMENTED THAT IT WOULD BE USEFUL TO TRY TO DETERMINE IN ADVANCE BY CONSULTATION WITH CONTRIBUTORS WHETHER THIS STEP WOULD PRODUCE MORE OR LESS TOTAL INCOME FOR UNRWA. CG STATES HE WOULD GIVE SAME RESPONSE IF QUERIED IN INCORPORATING ALL UNRWA COSTS INTO REGULAR UN BUDGET.

3. DOCUMENT GOES ON TO NOTE THAT IF A UNGA RESOLUTION IS INTRODUCED CALLING FOR THIS ACTION, UNRWA COULD NOT ASSESS ADMINISTRATIVE OR FINANCIAL IMPLICATIONS AND UN SECRETARIAT AND UN JOINT STAFF PENSION FUND WOULD REQUIRE TIME TO DO SO. CG'S CONCLUSION IS THAT UN MEMBERS COULD PROBABLY NOT BE INFORMED OF IMPLICATIONS DURING REGULAR 1978 UNGA LIMITED OFFICIAL USE

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SESSION. CG GIVES EXAMPLES OF ADMINISTRATIVE AND FINANCIAL CLARIFICATIONS THAT WOULD BE REQUIRED, POINTING OUT THAT UNRWA AREA STAFF GRADE, SALARY, AND ALLOWANCE SCALES ARE NOT SAME OR COMPARABLE TO UN SCALES AND THAT AREA STAFF DO NOT PARTICIPATE IN UN PENSION FUND.

4. IN CONVERSATION WITH POLOFF AUG. 22, UNRWA JORDAN DIRECTOR TANNER POINTED OUT THAT AT TIME WHEN 80 INTERNATIONAL STAFF MEMBERS BECAME UN INTERNATIONAL STAFF MEMBERS IT COST AGENCY AND EMPLOYEES NEARLY \$3 MILLION IN PENSION AND OTHER PAYMENTS; CONVERSION OF 16,000 PLUS AREA STAFF TO UN INTERNATIONAL STAFF COULD RESULT IN STAGGERING COSTS TO PARTICIPATE IN PENSION PLAN AND IN INCREASED SALARY COSTS. HE ADDED THAT THERE WAS NO UN STAFF COMPARABLE TO UNRWA TEACHERS AND THAT DOCTORS WOULD PROBABLY HAVE TO BECOME PROFESSIONALS, AT GREATLY INCREASED SALARIES. HE ALSO POINTED OUT THAT PERCENTAGE WISE, U.S. CONTRIBUTION TO UNRWA WOULD DECREASE TO 25 PERCENT OF BUDGET AND DOUBTED THAT OTHER STATES COULD BE COUNTED UPON TO MAKE UP DIFFERENCE, CITING SOVIET BLOC ATTITUDES TO UNRWA AS EXXMPLE.

5. INCOME PROJECTION FOR 1979 SHOWS BUDGETED EXPENDITURES OF ABOUT \$151 MILLION AND "VERY TENTATIVE" INCOME ESTIMATE OF \$123 MILLION, LEAVING \$28 MILLION DEFICIT. DOCUMENT STATES WITHOUT FURTHER EXPLANATION THAT IT "VIRTUALLY CERTAIN" THAT IN 1979 SPECIAL CONTRIBUTIONS WILL NOT BE AS HIGH AS THE \$10 MILLION IN 1978 AND THUS \$28 MILLION DEFICIT LIKELY TO BE FIRMER FIGURE THAN WAS PROJECTED 1978 DEFICIT.

6. TO HANDLE PART OF EXPECTED DEFICIT, CG PROVISIONALLY PLANS TO SPEND NO CASH ON FLOUR IN 1979. THIS WOULD REQUIRE REDUCTION OF FLOUR COMPONENT OF RATION IN 1979 TO 4.4 KG. PER MONTH, WHICH WOULD BE COVERED BY NORMAL CON-

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TRIBUTIONS IN KIND. (NORMAL FLOUR RATION IS 10 KG. PER MONTH; IT WAS REDUCED IN FEBRUARY, 1978 TO 6.7 KG. AND HAS NOT BEEN RESTORED TO 10 KG.). HOWEVER, DOCUMENT CONTINUES, AGENCY IS WILLING TO TAKE RISK OF AT LEAST BEGINNING YEAR WITH FLOUR RATION OF 5 KG. THIS WOULD COST \$1.3 MILLION IF MAINTAINED THROUGHOUT YEAR. AT 10 KG. FIGURE AGENCY WOULD HAVE HAD TO SPEND \$10.6 MILLION ON FLOUR; MINIMUM

POTENTIAL REDUCTION OF DEFICIT THUS \$9.3 MILLION. ADCOMM
ADVICE IS REQUESTED BY CG ON THIS COURSE OF ACTION.

7. EMBASSY WILL NEED GUIDANCE AND/OR LANGUAGE ON THESE
ISSUES FOR ADCOMM.

8. FIVE COPIES OF DOCUMENTS POUCHED TO NEA/ARN HOWELL
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AUGUST 21.SUDDARTH

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Message Attributes

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